

## Statement by the Board pursuant to Chapter 18, Section 4 of the Swedish Companies Act

In light of the Board's dividend proposal, the Board of NCC AB, Corp. Reg. No. 556034-5174 ("**NCC**" or "**the Company**") submits the following statement pursuant to Chapter 18, Section 4 of the Swedish Companies Act

In January 2020, the Board proposed a dividend of SEK 5.00 per share for the 2019 fiscal year to be paid on two occasions: SEK 2.50 per share in April and SEK 2.50 per share in November. On March 23, 2020, the Board adjusted the proposal to a payment of SEK 2.50 per share to be made in April. However, in light of the uncertainty in society in the wake of the coronavirus pandemic, the Board resolved on March 30, 2020 to withdraw this proposal to the Annual General Meeting (AGM). At the company's AGM on April 1, 2020, it was therefore resolved that the funds available for distribution by the AGM be carried forward.

To date, the coronavirus pandemic has had a very limited impact on the Company's operations. Uncertainty in society as a result of the pandemic has eased, even if it remains significant. Other financial conditions such as interest rates and access to capital are stable. In view of this, the Board has now proposed that a dividend of SEK 2.50 per share be resolved at an Extraordinary General Meeting (EGM).

The company's financial objective is to generate a healthy return to shareholders while retaining its financial stability.

The company's financial position as of June 30 is covered in the company's interim report for the January–June 2020 period, which was published on July 17, 2020. The interim report for January–June also specifies the accounting principles that have been applied in the valuation of assets, provisions and liabilities. The Group's shareholders' equity at June 30, 2020 amounted to SEK 3,221 million, excluding non-controlling interests, entailing an equity/assets ratio of 11 percent. As of June 30, 2020, the Group's net cash amounted to SEK 73 million and the net debt/EBITDA was -0.03. This is in line with NCC's financial objectives, according to which net debt (excl. pension debt and the effects of IFRS 16)/EBITDA is to be lower than 2.5. For definitions, refer to the 2019 Annual Report (p. 101).

On April 27, 2020, the Board resolved to exercise the mandate granted by the AGM on April 1 to repurchase a maximum of 234,000 Series B shares. As of June 30, 2020, 234,000 shares had been repurchased by the Company, which reduced unrestricted shareholders' equity by SEK 34 million. The unappropriated amount available for distribution thereby totals SEK 2,354 million.

The proposed profit distribution of SEK 2.50 per share is equivalent to a total of SEK 271,089,555, based on 108,435,822 shares outstanding in the Company

as of August 31, 2020<sup>1</sup>. After the proposed dividend, the Group's equity/assets ratio would amount to 10 percent pro-forma as of June 30, 2020.

Following the proposed profit distribution, full coverage will be available for the Group's and the Parent Company's restricted shareholders' equity. The Board is of the opinion that the Company and the Group are well positioned to fulfil their obligations in the short and long term.

In light of the above, the Board believes that the Board's dividend proposal is justifiable given the following: (1) the demands that the nature, scope and risks of the business (the Company's and Group's, respectively) place upon the size of the shareholders' equity, and (2) the funding requirements, liquidity and position in general of the Company's and Group's operations.

Solna, September 2020.

Board of Directors of NCC AB

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<sup>1</sup> As of August 31, 2020, the company held 764,267 Series B treasury shares, which are not eligible for a dividend.